



U.S. Department of Justice

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For Immediate Release:

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EVENT: Sentencing

Defendant: Richard Leroy Davis

DETROIT MAN SENTENCED FOR MAIL FRAUD

A 60 year-old Detroit man was sentenced today for mail fraud involving a scheme to defraud Detroit homeowners whose homes were in foreclosure and causing them to mail money orders to an entity he set up in California in the belief that they would be able to cure their arrearage and reinstate their mortgages, United States Attorney Stephen J. Murphy announced today.

Richard Leroy Davis of Detroit, Michigan was sentenced to 37 months imprisonment by U.S. District Judge George Caram Steeh.

The fraud arose when Richard Davis and his associates began operating out of residential locations on the East side of Detroit in May 2001 and continued until September 2003. Davis did business under the name of FTA (Foreclosure & Tenant Association) and, later, Realco. Davis and his associates obtained the names and addresses of Detroit homeowners whose properties in mortgage foreclosure from the *Detroit Legal News*, then sent advertising fliers addressed to the financially distressed homeowners representing that they could help save their homes and delay their foreclosure proceedings up to 6 months. Davis charged the distressed homeowners a \$1,000 fee in cash for his services and then eventually

filed a bankruptcy petition under a third party's name listing an interest in the distressed homeowner's property. The filing of the bankruptcy petition served to stop the foreclosure. The named debtors in the bankruptcy cases failed to appear and the case would eventually be dismissed. The foreclosure proceeding was stayed, however, until the mortgage companies could get the bankruptcy court to permit it to continue its foreclosure. The U.S. Trustees Office, which is responsible for enforcing the Bankruptcy Code and rules for the Bankruptcy Court, has identified more than 20 such fraudulent petitions filed with the Bankruptcy Court in Detroit. Several more were filed in the Bankruptcy Court for the Central District of California after Davis had been enjoined from filing any further bankruptcy cases in Detroit.

Davis also instructed the distressed homeowners to send their monthly mortgage payments to entities he set up in California called the TIB Land Group, LLC and later West Coast Land Group, LLC in Los Angeles, California under the belief that they were curing or reinstating their mortgage defaults. The homeowners would then be surprised to receive eviction notices. The total amount of money Davis received from Detroit homeowners in advance fees and monthly mortgage payments was in excess of \$200,000. Several of the victims testified at Davis' sentencing disclosing to the court the financial and emotional distress Davis' actions caused them.

"Taking advantage of financially distressed homeowners during troubled times is a reprehensible crime, said U.S. Attorney Murphy. "Moreover, this case involved a gross abuse of the federal bankruptcy court system, which depends on the honesty and integrity of debtors seeking a fresh start. We will vigorously pursue such abuses." Mr. Murphy also stated he would like to thank the U.S. Trustees Office for their substantial assistance.

The investigation of this case has been conducted by Special Agent Claudia Link of the FBI Office in Detroit and prosecuted by Assistant U.S. Attorney Ross I. MacKenzie and Special Assistant U.S. Attorney Leslie K. Berg from the U.S. Trustees Office.